UNITED
NATIONS

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Economic and Social
Council

Distr.
GENERAL

E/CN.4/Sub.2/1998/NGO/5
20 July 1998

Original: ENGLISH, FRENCH
AND SPANISH

COMMISSION ON HUMAN RIGHTS
Sub-Commission on Prevention of
Discrimination and Protection
of Minorities
Fiftieth session
Item 4 (c) of the provsional agenda

THE REALIZATION OF ECONOMIC, SOCIAL AND CULTURAL RIGHTS: THE QUESTION OF TRANSNATIONAL CORPORATIONS

Written statement submitted by the International League for the Rights and Liberation of Peoples, a non-governmental organization in special consultative status

The Secretary-General has received the following written statement, which is circulated in accordance with Economic and Social Council resolution 1996/31.

[10 July 1998]

Adverse effects of the Chad-Cameroon oil and pipeline project on the enjoyment of human, economic, social, environmental and cultural rights of the local populations: the role of the oil consortium EXXON-Elf-Shell

1. Fossil fuel exploitation projects in developing countries, in particular oil extraction by transnational corporations (TNCs), have led to serious violations of human rights, corruption of officials and environmental destruction. The standard of living of local communities has not benefited from the use of natural resources; on the contrary, the rights of communities living in project areas have been constantly violated. The industrial policy of TNCs in Africa, in particular Shell and Elf, is in fact based on economic and financial gains ensuing from oil extraction linked to political and financial interests in the north. This is evident in the cases of Nigeria and the Congo.

2. The lack of national legislation and the inadequacy of international law provisions in regulating activities of oil-producing TNCs and in providing effective codes of conduct for their operations have resulted in a situation of widespread impunity. Huge export-oriented and capital-intensive investments by TNCs result in economic, social and cultural rights violations, undermine the rights of peoples to self-determination, sovereignty over their land and natural resources, and eventually threaten their health status.

3. In this context, the Chad-Cameroon oil and pipeline project developed by a consortium formed by EXXON and Shell (40 per cent participation each) and Elf Aquitaine (20 per cent), whose funding is currently being discussed by the World Bank, may have the same negative effects as those suffered by the Ogoni people in Nigeria. The project envisages the exploitation of 300 new oil wells in the Doba region (southern Chad) with a production of 225,000 barrels/day and the construction of a 1,100 km export pipeline through Cameroon. An offshore terminal will be built in Kribi to provide for storage and loading of oil. Total costs are estimated at US$ 3.5 billion.

4. World Bank funding would consist in a US$ 250 million loan by the International Finance Corporation (IFC) and an additional US$ 120 million to fund the participation of the Chad and Cameroon Governments to the project's joint ventures. Originally, these funds were to be provided by the International Development Association (IDA, which gives concessional loans to poorer countries) but more recently the Bank has apparently decided to use the International Bank for Reconstruction and Development (IBRD, which lends at market rates) instead. The participation of the World Bank, according to the consortium, is essential to attract an additional US$ 1.3 billion in funding from private investors and export credit agencies. The oil conscrtium would cover the remaining costs.

5. At the economic level, the project could cause the loss of competitiveness of local companies, threaten traditional economies and self-sufficiency and, in the long term, further exacerbate poverty and increase foreign debt. At the political level, it may reignite civil strife and conflicts that have already occurred in the area. Environmental threats relate to biodiversity loss, water and soil pollution, climate change and ecosystem degradation. The resettlement of project-affected populations

living in the oil extraction area and along the pipeline route will cause the loss of cultural identity, in particular for the local Bantu and Pygmy groups in Cameroon.

6. Because of the importance of the oil consortium's vested interests, there can be no guarantee for objective social and environmental assessments, nor for an effective monitoring of the implementation of the project. In fact, World Bank directives on environmental impact assessment (EIA) and public consultation have not been followed. A private company, rather than an independent team, was contracted by the consortium to carry out the EIA and the Environmental Management Plan (EMP), two documents that are essential to secure World Bank funding. Local communities have not been properly consulted in the project planning and preparation. No alternative has been considered and public dissemination of information has been insufficient.

7. The assessment of the project's impact on the environment carried out by the consortium, two years after the signing of the contract, and a few months before the planned decision of the World Bank, is vague and incomplete. The pipeline project forms the basis of further plans for oil-field development in Chad and neighbouring countries. At the least five other basins, of which the Doba basin forms only a small part, have been identified in Chad. This means that the long-term impacts of the project on people and environment will be far beyond those already assessed by the consortium. No plans are defined for compensation, resettlement, river and biodiversity protection, waste management, oil spills prevention, or for preservation of drinking water. No assessment has been made of a possible climate change and of the impact caused by the use of extracted oil. No alternative development option has been considered.

8. An evaluation of the project's impact on the social and cultural life of local populations has not been carried out either: local communities may lose access to those natural resources found in tropical rainforests upon which they depend for their, physical, social and cultural survival. The survival of indigenous groups, especially Bakola Pygmies in Cameroon, may be seriously undermined.

9. According to a consortium estimate, as many as 160 families will have to be forcibly resettled in Chad only; however, no adequate compensation and rehabilitation plan has been developed yet. One of the key Operational Directives of the World Bank on involuntary resettlement (O.D. 4.30) requires that the standard of living of resettled people be better, or at least at the same level, than that before being resettled. Compensation is limited to the loss of arable land and fruit orchards. No compensation is apparently planned for losses deriving from the logging of forests in Cameroon in order to lay the pipeline and for the loss of wild plants, nor for the loss of common grazing land and dwellings.

10. The project's justification is poverty alleviation in two African countries with one of the lowest GNPs in the world. Such purpose would be served, according to the World Bank and the consortium, by creating local companies and job opportunities, and fairly redistributing oil revenues by investing them in social development projects. The Chadian Government, by

means of the State company TOCTO, would receive US$ 5 billion in oil royalties, and the Cameroonian Government, through its company COTCO, would receive US$ 500 million in transit and transport revenues.

11. In spite of its stated goal, there is no guarantee that the project's revenues will be reinvested for the benefit of local communities to meet their basic needs and uphold their economic rights. In the past few years, both the World Bank and the International Monetary Fund have expressed serious reservations about the effective political will of the two Governments to alleviate poverty, on the final destination and use of public funds in Chad, and on the transparency of financial operations in Cameroon. The substantial increase of the foreign debt burden of the two countries that can ensue from the need to repay World Bank loans will also have a detrimental impact on poorer classes.

12. The oil extraction project would be carried out in the Doba region, an area that has been characterized by civil tensions and strife, which peaked in a 20-year-long civil war between Muslim populations of the north and animist and Christian populations living in the south. In spite of the peace agreement signed between the Government and the rebel army (FARF) in April 1997, the political climate is still very uncertain and the risks of another civil war remain high. Much of the tension may derive from the redistribution of the oil revenues: the Government would earn between US$ 3.5 and 8 billion in 20 years and the FARF asks for a 50 per cent share of these profits. The government forces have launched an all-out effort to "pacify" the region. Since October 1997 serious human rights violations have been reported which culminated in the massacre of 100 unarmed civilians in the Logone region, as well as executions and arbitrary arrests by the government army as denounced by eminent local and international human rights groups.

13. Particularly serious is the situation of Ngarledjy Yorongar, a member of Parliament, whose immunity has been lifted and who has been arrested and is now being tried for having expressed strong opposition to the project and having denounced the corruption of some key members of Government by the oil company Elf. The European Parliament adopted an urgent resolution in June 1998 calling for the immediate release of Yorongar, the respect for human rights and the rule of law in southern Chad, and for the rights of local communities to information and participation to be guaranteed. The resolution also calls for the protection of indigenous peoples and for the suspension of the project until further guarantees come from the World Bank assessment.

14. In view of the above, we ask the expert charged with the question of the relationship between the enjoyment of human rights and the working methods and activities of transnational corporations to launch an investigation into the Chad-Cameroon oil and pipeline project, with the collaboration of local and international environmental and human rights NGOs, in order to:

(a) Carry out an independent evaluation of the environmental and social impacts in all the oil extraction areas planned as parts of the consortium project;

(b) Assess the effective implementation of the International Covenant on Economic, Social and Cultural Rights;

(c) Monitor the effective application of international standards of protection, including the World Bank guidelines and directives on Involuntary Resettlement (O.D. 4.30), Indigenous Peoples (O.D. 4.20), Environmental Assessments (O.D. 4.01), Natural Habitats (O.P. 4.04), Policy on Disclosure of Information (O.P. 17.50) and Economic Evaluation of Investment Operations (O.P. 10.04);

(d) Assess the compliance of the agreements signed between the oil consortium and the Chad and Cameroon Governments (i.e. Convention of Establishment) with international and national standards and legislation for the protection of the environment, human rights and peoples' rights.

15. We welcome Sub-Commission resolution 1996/39 inviting the Commission on Human Rights to set up a working group on transnational corporations and we hope that it can consider the Chad-Cameroon oil and pipeline project as a case study of the violations of economic, social and cultural rights of local populations caused by transnational corporations and multilateral development banks. We also hope that the work of such a group can foster a debate on the adoption of international codes of conduct for TNCs and the establishment of independent monitoring bodies.